

ACP-EU JOINT PARLIAMENTARY ASSEMBLY

ACP-EU 3686/05/fin.

RESOLUTION¹

on budgetisation of the European Development Fund (EDF)

The ACP-EU Joint Parliamentary Assembly,

- meeting in Bamako (Mali) from 18 to 21 April 2005,
 - having regard to Article 17(1) of its Rules of Procedure,
 - having regard to the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000², which entered into force on 1 April 2003, and in particular the Financial Protocol laid down in Annex I and the Implementation and Management Procedures set out in Annex IV thereto,
 - having regard to the Communication from the European Commission to the Council and the European Parliament, 'Towards the full integration of co-operation with ACP countries in the EU budget' (COM(2003)590),
 - having regard to the report of the European Parliament's Committee on Development and Cooperation on budgetisation of the European Development Fund (A5-0143/2004)³,
 - having regard to the report of the Committee on Economic Development, Finance and Trade on the use of the European Development Fund (ACP-EU/3602/03/fin.)⁴,
 - having regard to the report of the Committee on Economic Development, Finance and Trade on budgetisation of the European Development Fund (ACP-EU/3686/05/fin.),
- A. whereas, since its creation in 1957, the European Development Fund (EDF) has remained the main financial instrument of cooperation between the European Union and the African, Caribbean and Pacific States (ACP), operating on the basis of voluntary contributions from the EU Member States,
- B. whereas the leaders of the European Union Member States committed themselves

¹ Adopted by the ACP-EU Joint Parliamentary Assembly on 21 April 2005 in Bamako (Mali)

² OJ L 317, 15.12.2000, p. 3.

³ Minutes of 1.4.04.

⁴ OJ C 26, 29.1.2004, p.7.

to financial targets regarding the EC's contribution to official development aid (ODA) at the Barcelona Council summit and the United Nations International Conference on Financing for Development in Monterrey in 2002,

- C. reaffirming the important role of the financial assistance provided by the European Union in the development of ACP countries, at the national and regional levels, and the consequent need to strengthen development finance cooperation within the framework of the EDF,
- D. welcoming the unprecedented progress achieved in commitments and disbursements in 2003 in implementing ACP-EC financial cooperation,
- E. having regard to the new role conferred on national and regional authorising officers under the Cotonou Agreement and the capacity necessary in order to ensure that all of the tasks and responsibilities identified are carried out, in particular improvement of the management of aid financed by the EDF,
- F. noting that the issue of budgetising the EDF has come at a time of fundamental changes to the ACP-EU partnership as manifested in the negotiations of Economic Partnership Agreements (EPAs), which also is an opportunity to further improve upon the objectives and principles of financing development cooperation,
- G. reaffirming the importance of the role and responsibilities of national and regional authorising officers in the management and implementation of projects and programmes,
- H. expressing concern about the prospects of budgetisation and its potential impact on the principles and key elements of development finance cooperation, in particular co-management, resource predictability and flexibility in the use of resources,
- I. pointing out that the enlargement of the Union to 25 Member States will lead to a new cost-sharing formula being established for financial aid, based on voluntary contributions from States, if the current system of a five-year financial protocol is maintained,
- J. whereas the 25 Member States have not yet reached agreement on this new cost-sharing formula and any delay in this matter will block sources of funding,
- K. recalling that the main advantage of budgetisation of the EDF, i.e. integrating it into the general budget, is that the cost-sharing formula with which the 25 Member States are already familiar will automatically be applied without the need for lengthy and possibly unsuccessful discussions on a new ad hoc cost-sharing formula for the 10th EDF,
- L. whereas failure to reach agreement on such a new ad hoc cost-sharing formula would prevent or greatly delay the introduction of a 10th EDF, or only after a long delay, which would naturally jeopardise achievement of the objectives of the Partnership Agreement when it is essential to ensure the continued funding of the EDF,
- M. stressing that budgetisation of the EDF is not a panacea which will solve all the

problems, nor is it an obstacle to the ACP-EU partnership operating effectively,

- N. whereas the Commission communication of 8 October 2003 (COM (2003) 590) provided a partial response (requiring more detailed amplification) to many of the questions posed by the ACP side, in particular regarding the guillotine effects of the principle of budget annuality and the capacity to arrange multiannual funding, the agreement of the JPA being conditional upon these guarantees being met,
- O. noting that the European Union's Financial Regulation provides practical ways of organising and guaranteeing the operation of a dedicated fund,
- P. reiterating that the high level of ACP participation in the decision-making process in respect of programming and the implementation of the EDF leads to a closer partnership between donors and beneficiaries and to greater ownership of programmes on the part of ACP countries,
- Q. reaffirming also the need to maintain and strengthen the Partnership acquis, in particular the principles of ownership and participation as enshrined in the Cotonou Agreement, which are key elements of a strategy designed to eradicate poverty,
- R. reaffirming that guaranteed resources, ownership of development programmes by the ACP countries and a continuing spirit of partnership are political issues which budgetisation neither resolves nor calls into question,
- S. recognising that the political authorities must answer the legitimate questions posed by ACP countries, including co-management of aid, the effects of performance measurement already evident in the 9th EDF and resource predictability and sustainability,
- T. stressing that it is not unreasonable to raise the issue of EDF reform, 40 years after it was set up, and that the present system has not managed to resolve the problems relating to the speed of disbursement and the build-up of unutilised appropriations (€11 billion),
 1. Declares that it attaches particular importance to the EU's pursuit of a specific identifiable and recipient-driven development aid policy for ACP countries, which must have permanent, guaranteed funding;
 2. Insists that the ACP-EU partnership must retain its specificity and spirit of partnership, thus contributing to the mutual objectives of poverty eradication and the achievement of the Millennium Development Goals;
 3. Urges the European Commission and the authorities of the ACP States to redouble their efforts to sustain and improve over the long term the results obtained in 2003 in implementing ACP-EC financial cooperation, benefiting from the implementation of the new approach to programming and devolution of powers and decision-making;
 4. Reiterates the concern that whilst the EU is the ACP's most important partner in development, the administrative and procedural delays and hurdles arising on

both sides and which make the flow of EDF resources slow and cumbersome to access must be resolved or improved irrespective of the budgetisation proposal;

5. Confirms that the financial amount available to the ACP Group should be sufficient to meet the objectives of the Cotonou Agreement, whether financed via a tenth EDF or the Community budget;
6. Urges the EU Council and Commission to consider introducing exemptions to the financial regulations for the Community budget, in order to accommodate the concerns of the ACP Group, and reinforce the partnership, ownership and predictability of development funds;
7. Recommends in the same spirit that a suitable proportion of the appropriations of the EDF should be used for the political education and training of parliamentarians and of political, economic and social leaders, in the interest of a lasting reinforcement of good governance, the rule of law, democratic structures, and the interaction between government and opposition in pluralistic democracies based on free elections; notes that these funds should be used for the establishment of public administration colleges and the political education of members of parliament, local administrators and people in positions of responsibility in political parties and associations;
8. Points out that any decision relating to the budgetisation of the EDF must be consistent with the EU's commitments to increase its ODA level to an average of 0.39% by 2006 from its 2002 average of 0.33%, which were given at the Barcelona Council summit and at the United Nations International Conference on Financing for Development in Monterrey in 2002;
9. Urges the EU Member States and the European Commission to refrain from taking decisions that would have effects contrary to the objectives of the Cotonou Agreement;
10. Emphasises the need to address the concerns expressed by the 'less well-performing' ACP countries that budgetisation of the EDF could entail a reduction in the funds allocated to them, and calls on the Commission to explain how it intends to guarantee that the interests of these countries are not affected;
11. Recommends that – a measure welcomed by Commissioner MICHEL at the meeting of the Committee on Development of the European Parliament of 15 March 2005 – use be made of non-committed EDF funds (unexpended balance) for major infrastructure projects or other projects of regional and transnational interest submitted by ACP institutional partners (e.g. Caricom, African Union, Nepad, West African Economic and Monetary Union, etc.) or by a significant number of ACP countries which have agreed on a given project;
12. Notes the concerns expressed by the ACP countries about the possible effects of the annuality principle applied to the Community budget, even though the Commission has made it quite clear that this does not preclude multi-annual programming;

13. Calls on the ACP-EU Secretariat to draft a joint note as soon as possible setting out the positions of the ACP Council, the EU Council of Ministers and the European Commission reviewing the implications of budgetisation and the principle of budget annuality on the basis of the impact on key elements of development cooperation funding, and in particular:
 - co-management of aid;
 - resource predictability and sustainability;
 - the level of resources to be budgetised;
 - flexibility in the use of resources;
 - allocation of resources;
 - the role and responsibilities of national and regional authorising officers;
 - the role and responsibilities of the ACP-EC Development Finance Cooperation Committee;
 - swift disbursement of resources;
 - effects of performance measurement;
14. Emphasises the need to provide guaranteed long-term development finance for ACP countries, and stresses that no country should find itself in a less favourable position following any changes made to the system of financing;
15. Reiterates the importance of the resource predictability offered by the current EDF, which facilitates long-term programming in ACP countries and which the JPA keenly supports;
16. Calls on the European Commission, the EU Council of Ministers, the European Parliament and the ACP States to put in place an appropriate framework for conducting in-depth consultations, in order to evaluate the advantages and drawbacks of each of the two systems (budgetised and non-budgetised EDF);
17. Reaffirms the need, in any codecision procedure relating to a future EDF regulation, to safeguard the principles of 'partnership' and 'ownership' of development programmes by ACP countries and their involvement in all decisions regarding the use of funds;
18. Considers it necessary in the same spirit that, if the EDF is indeed budgetised, the JPA should be closely associated in the EU budgetary procedure with a view to providing valuable input to the EU budgetary authority on budget matters relating to ACP countries;
19. Advocates that, alongside discussions on budgetisation of the EDF, a 10th EDF should be prepared and made available to the ACP countries, in order to enable them to pursue the objectives of the Partnership Agreement funded on the basis of a cost-sharing formula identical to that applying to the general budget; Welcomes the pursuit of discussions on finance, both as part of the EU General Budget or a possible 10th EDF and, in this context, notes the recent Commission proposal to communicate to the ACP Group a multi-annual financial framework for cooperation for the years 2008-2013;

20. Emphasises the need to maintain specific regional and national allocations, and stresses that the transfer of EDF resources to other global objectives should take place only in consultation with the ACP partners;
21. Instructs its Co-Presidents to forward this resolution to the ACP-EU Council and the European Commission.